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**TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE GENERAL LAW COMMITTEE
FEBRUARY 24, 2009**

I appreciate the opportunity to support House Bill 6434, An Act Concerning Consumer Deposits at Banquet Facilities.

This proposal requires any wedding or convention facility operator to escrow any consumer deposit in excess of \$500 for the lease or rental of such facility or maintain a secured line of credit for such funds.

Connecticut consumers have lost potentially tens of thousands of dollars in deposits for securing facilities for weddings and family functions when the facilities abruptly closed prior to their events being held. The deposits were meant to protect the facility from last minute cancellations by the consumer. All too frequently, facilities in effect gamble with the consumers' deposits -- using them to meet other bills and stay financially afloat. When the facility closes, the consumer loses the deposit and also needs to find and pay another banquet facility.

The emotional turmoil and financial cost can ruin an otherwise joyous family event -- whether wedding, anniversary or birthday.

Large consumer deposits -- in excess of \$500 -- should be placed in escrow to ensure payment for the rental of the facility or to provide liquidated damages if the consumer cancels. An escrow account secures the deposits separate from the facility's general cash and prevents the facility from using the deposits for other operation costs. Placing these funds in escrow will enable prompt refunds if the facility goes out of business -- avoiding the need for consumers to fight through bankruptcy court proceedings. As an alternative, the facility could maintain a secured line of credit payable to the Commissioner of Consumer Protection in the event of a default.

I urge the committee's favorable consideration of House Bill 6434.